

**CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION
INDUSTRIAL DEVELOPMENT BONDS**

Meeting Date: August 27, 2008

Request for Amendment of Allocation Resolution

Prepared by: *Deanna Hamelin*

Issuer: California Infrastructure and Economic Development Bank (I-Bank)	Amount Requested: \$1,335,000 (TE) \$1,565,000 (TX)
Borrower: The South Malt Avenue Corporation and/or affiliates	Application No.: 08-0011
User: I Works US, Inc. and/or affiliates	Allocation Resolution No.: 08-0011A
Location: City of Commerce (Los Angeles County)	

Borrower/User/Background: The South Malt Avenue Corporation (the “Borrower”) and I Works US, Inc. (the “Company” or “User”) were incorporated in California on September 2, 1999 and December 5, 1988, respectively. The Company is solely owned by Robert Eric Dortch. It manufactures lighting fixtures for various hotel chains and builders. Its customers include Marriott Hotels, Wynn Hotels, Benjamin West, Bertino and Purchasing Management.

Current Request: At its June 25, 2008 meeting, the Commission approved the Allocation Resolution No. 08-0011A for \$1,335,000 in tax-exempt bonds for the Issuer for the I Works US, Inc. Project (the Project). The Allocation Resolution requires that the Issuer use the allocation for the IWorks bond issue within 90-days or no later than September 12, 2008.

Although the Project remains the same as approved by the Commission at its June 25, 2008 meeting, the I-Bank has informed CIDFAC staff that the Borrower has changed their letter of credit provider for the bonds from Comerica Bank to City National Bank. Due to this change, the bond closing may be delayed beyond the 90 day deadline. The Issuer has asked for an extension for the use of allocation from 90 days to 110 days based upon such provision in CDLAC’s procedures (Attachment A). This change is reflected in the Amended Allocation Resolution No. 08-0011A attached.

In addition, the underwriter has been changed from Comerica Securities to Stern Brothers & Co. No other changes have been made to the finance structure as reported to the Commission at the June 25, 2008 meeting. For more information about the Project or the Borrower, please see the attached June 25, 2008 staff report (Attachment B).

Revised Financing Details: The bonds will be sold in a public offering. The bonds will be variable rate and repayable over a 25-year period, and they will be secured by an irrevocable Letter of Credit issued by City National Bank.

Financing Team:

Issuer: I-Bank
Bond Counsel: Kutak Rock LLP
Underwriter: Stern Brothers & Co.
Financial Advisor: Access to Capital LLC
Credit Enhancement Provider: City National Bank

Recommendation: Staff recommends approval of Amended Allocation Resolution No. 08-0011A transferring from the State's 2008 allocation for qualified tax-exempt, private activity IDBs an amount equal to \$1,335,000 to the Issuer for the Project.

**THE CALIFORNIA INDUSTRIAL DEVELOPMENT
FINANCING ADVISORY COMMISSION
AMENDED RESOLUTION NO. 08-0011A
RESOLUTION TRANSFERRING A PORTION OF THE 2008 STATE CEILING
FOR QUALIFIED PRIVATE ACTIVITY BONDS FOR A
SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT**

WHEREAS, the California Debt Limit Allocation Committee (“CDLAC”) awarded allocation to the California Industrial Development Financing Advisory Commission (the “Commission”) for the purpose of awarding a portion of the allocation to local and State issuers; and

WHEREAS, the Commission has the authority to transfer a portion of its allocation to local and State issuers; and

WHEREAS, the Commission has received an application (“Application”) from the California Infrastructure and Economic Development Bank (“Applicant”) requesting a transfer to the Applicant of a portion of the 2008 State Ceiling on Qualified Private Activity Bonds (the “State Ceiling”) under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations (“Bonds”) for a project as specifically described in Exhibit A (“Project”) (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Procedures of CDLAC Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds (“CDLAC’s Procedures”)); and

WHEREAS, the Project Sponsor (as defined in Exhibit A) has represented certain facts and information concerning the Project in the Application, which the Applicant has confirmed; and

WHEREAS, in evaluating the Project and potential allocation of a portion of the State Ceiling to the Applicant for the benefit of the Project, the Commission has relied upon the

written facts and information provided in the Application and otherwise by the Project Sponsor and the Applicant; and

WHEREAS, it is appropriate for the Commission to make a transfer of a portion of the State Ceiling (“Allocation”) in order to benefit the Project described in the Application.

NOW, THEREFORE, the California Industrial Development Financing Advisory Commission resolves as follows:

Section 1. There will be a transfer to the Applicant an amount of the State Ceiling equal to \$1,335,000. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated as though fully set forth herein (this resolution, together with Exhibit A, hereinafter referred to as the “Resolution”).

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds, and the Project Sponsor, the Applicant and their respective successors and assigns will be bound by such terms and conditions.

Section 3. Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Commission’s Procedures, such modification shall require reconsideration by the Commission before the Allocation may be used for the Project. Once the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Commission through an action for specific performance or any other available remedy, provided however, that the Commission agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of the Bondholders. The Commission may, as circumstances warrant, consent to changes in the terms and conditions set forth in this Resolution in the event the Commission is advised of changes in the Project.

Section 4. Prior to the issuance of the Bonds, any material changes in the structure of the credit enhancement not previously approved by the Commission shall require approval of the Commission Chair or the Executive Director.

Section 5. The Applicant is not authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State other than this Commission.

Section 6. The potential Allocation transferred herein shall automatically revert to this Commission unless the Applicant has issued Bonds for the Project by the close of business within 110 days of the June 25, 2008 award of Allocation. In the case of extreme hardship, the Executive Director may extend this date by up to five (5) business days.

Section 7. Within twenty-four (24) hours of using the Allocation to issue the Bonds, the Applicant shall notify the Commission's staff and CDLAC's staff in writing (which may be by electronic or facsimile communication) that the Allocation has been used. Each notification to the Commission and to CDLAC shall identify the Applicant, the project or program, the date the Allocation was used, and the amount of the Allocation used.

Section 8. Within fifteen (15) calendar days of the issuance of the Bonds, the Applicant or its counsel shall formally transmit to CDLAC information regarding the issuance of the Bonds by submitting, in a form prescribed by and made available by CDLAC a completed Report of Action Taken.

Section 9. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Commission. If at any time prior to the expiration date set forth in Section 6 of this Resolution the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date,

the Applicant shall take prompt action by resolution of its governing board or by action of its authorized officer to return such unused Allocation to the Commission.

Section 10. The staff of the Commission is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain, for the term of the Bonds, a copy of this Resolution in the Applicant's official records. The Commission staff is further directed to retain a copy of this Resolution in the files of the Commission (or any successor thereto) for the same period of time.

Section 11. In consideration of the potential Allocation to be transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Commission through an action for specific performance or any other available remedy, provided however, that the Commission expressly agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of the Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Commission is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 12. The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution when reasonably requested by the Commission.

Section 13. This Resolution shall take effect upon its adoption.

EXHIBIT A

**AMENDED RESOLUTION NO: 08-0011A
(A SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT)**

1. Applicant: California Infrastructure and Economic Development Bank
2. Application No.: 08-0011
3. Project Sponsor: The South Malt Avenue Corporation and/or affiliates
4. Project User: I Works US, Inc. and/or affiliates
5. Project Name: I Works US, Inc. Project
6. Address: 2501 South Malt Avenue
Location: Commerce, CA 90040
County: Los Angeles County
7. Amount of Allocation: \$1,335,000

The Project Sponsor has represented that it reasonably expects the User will use its best efforts to achieve within two years of the completion of the Project the creation of 43 additional, direct full-time jobs.

Attachment A



California Infrastructure and Economic Development Bank

Arnold Schwarzenegger
Governor

July 18, 2008

JUL 25 03 00 PM '08

Board Members:

Dale E. Bonner
Chair

Secretary, Business,
Transportation and Housing
Agency

Bill Lockyer
State Treasurer

Michael G. Genest
Director
Department of Finance

Rosario Marin
Secretary, State and
Consumer Services Agency

D. Everett Rice
Governor's Appointee

Executive Director:

Stanton C. Hazelroth

Mailing Address:
P.O. Box 2830
Sacramento, CA 95812-
2830

Office Address:
1001 I Street, 19th Floor
Sacramento, CA 95814

(916) 322-1399
(916) 322-6314 FAX
www.ibank.ca.gov

Eileen Marxen
Deputy Executive Director
915 Capitol Mall, Room 457
P.O. Box 942809
Sacramento, CA 94209-0001

RE: RESOLUTION 08-0011A ADJUSTING TO THE TRANSFER OF PRIVATE ACTIVITY BOND
ALLOCATION

Dear Ms. Marxen:

The California Infrastructure and Economic Development Bank (I-Bank) requests an extension of time from 90 days to 110 days for the use of the Allocation granted to the I-Bank pursuant to Resolution 08-0011A adopted by the California Industrial Development Financing Advisory Commission on June 25, 2008.

The South Main Avenue Corporation has informed the I-Bank that Comerica Bank, the direct-pay lender of credit provider for the bonds, may need additional time to complete its review of environmental information related to the project which could delay the bond closing date beyond September 25, 2008.

Should you have any questions please feel free to contact Tara Dunn at (916) 322-2571.

Sincerely,

Stanton C. Hazelroth
Executive Director

cc: Sam Balisy, Katak Rock

Attachment B

**CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION
INDUSTRIAL DEVELOPMENT BONDS**

Meeting Date: June 25, 2008

Request for Approval Tax Exempt Bond Allocation

Prepared by: *Deanna Hamelin*

Issuer:	California Infrastructure and Economic Development Bank (“I-Bank”)	Amount Requested:	\$1,335,000 TE \$1,565,000 TX
Borrower:	The South Malt Avenue Corporation and/or affiliates	Application No.:	08-0011
User:	I Works US, Inc. and/or affiliates	Allocation Resolution No.:	08-0011A
Location:	City of Commerce (Los Angeles County)		

Borrower/User/Background: The South Malt Avenue Corporation (the “Borrower”) and I Works US, Inc. (the “Company” or “User”) were incorporated in California on September 2, 1999 and December 5, 1988, respectively. The Company is solely owned by Robert Eric Dortch. It manufactures lighting fixtures for various hotel chains and builders. Its customers include Marriott Hotels, Wynn Hotels, Benjamin West, Bertino, and Purchasing Management.

Project Information: The Company needs a larger warehouse so that it can expand its manufacturing operations and distribute its products more efficiently. Tax-exempt bond proceeds will be used to expand the Company’s warehouse at its City of Commerce location. The expansion consists of an additional 10,000 square feet of ground-up warehouse space with three loading docks and a new parking lot with 70 additional car-stalls. Bond proceeds also will be used for the acquisition and installation of new equipment, including automated packing robotics and various types of metal fabrication machines.

Anticipated Timeline: The Company expects to begin construction of the facility expansion and the parking lot on July 7, 2008, and it expects the construction will be completed in March or April 2009. The Company will acquire and install new equipment beginning in mid-August 2008, and it expects the process to be completed by mid-September 2008.

Prior Actions/Financing: None.

Statutory Criteria: 1) Public Benefits, 2) Relocation and 3) Bond Issue Qualification. Staff has awarded points based on its evaluation of the Project under CDLAC guidelines. Not all statutory criteria are part of the CDLAC point scheme.

PUBLIC BENEFITS: Consistent with CDLAC guidelines, staff awarded the Project a total of 58 verifiable points, 25 of which are based upon job creation. The Company currently employs 129 individuals in California, and it expects to hire an additional 43 employees within two years of Project completion.

Attachment B

Agenda Item – 5.A.1.

RELOCATION OF COMPANY OPERATIONS (No point evaluation required):

The Company will remain at its current location in the City of Commerce.

QUALIFICATION OF BOND ISSUANCE (No point evaluation required): Based on the proposed finance structure, and the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds that will be issued in connection with the Project: (a) will be adequately secured; (b) will be fair, just and equitable to a purchaser of the bonds; and (c) will not work a fraud upon the bond purchaser. Staff's final determination of qualification of the bonds will be subject to its review of final bond documents prior to the issuance of bonds.

Status Of Permit/Other Required Approvals:

- On April 29, 2008, the Executive Director of the I-Bank executed a reimbursement certificate to induce the Project in an amount not to exceed \$1,335,000 in tax-exempt bonds. The I-Bank will hear a request for approval of a Final Resolution covering both the tax-exempt and taxable bonds at its July 29, 2008 meeting. The taxable bond amount may increase, and any increase will be reflected in the Final Resolution.
- The I-Bank held a TEFRA hearing for the Project on May 23, 2008.
- The City of Commerce provided a letter stating that the Project site is appropriately permitted and zoned for current uses. The Issuer states that no additional discretionary permits are required for the Project.

Financing Details: The tax-exempt IDBs will be sold in a public offering. The bonds will be variable rate and repayable over a 25-year period, and they will be secured by an irrevocable Letter of Credit issued by Comerica Bank.

CIDFAC Fees:

In accordance with CIDFAC regulations¹, the Borrower has paid CIDFAC an application fee of \$1,250.

Financing team:

Issuer: I-Bank
Bond Counsel: Kutak Rock LLP
Underwriter: Comerica Securities
Financial Advisor: Access to Capital LLC
Credit Enhancement Provider: Comerica Bank

Legal Questionnaire: Staff reviewed the Borrower's and the User's responses to the questions contained in the Legal Status portion of the Application. The responses did not disclose any information that raises questions concerning the financial viability or legal integrity of the companies.

¹California Code of Regulations Title 10, Chapter 8, Article 3, §6070

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Recommendation: Staff recommends approval of Allocation Resolution No. 08-0011A transferring from the State's 2008 allocation for qualified tax-exempt, private activity IDBs an amount equal to \$1,335,000 to the Issuer for the I Works US, Inc. Project.

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I Works US, Inc.

Bond Amount: \$1,335,000 TE

\$1,565,000 TX

City of Commerce (Los Angeles County)

Application No. 08-0011

June 25, 2008

STAFF SUMMARY – CIDFAC

Prepared by: *Deanna Hamelin*

ISSUE:

On behalf of The South Malt Avenue Corporation (the “Borrower”) and I Works US, Inc. (the “Company” or “User”), the California Infrastructure and Economic Development Bank (“I-Bank” or the “Issuer”) requests approval of Allocation Resolution No. 08-0011A for an amount equal to \$1,335,000 in tax-exempt IDB allocation. Tax-exempt bond proceeds will be used for the expansion of an existing manufacturing facility, the construction of a new parking lot, and the acquisition and installation of new equipment at the current Project site.

BORROWER/USER: The South Malt Avenue Corporation (the “Borrower”) and I Works US, Inc. (the “Company” or “User”) were incorporated in California on September 2, 1999 and December 5, 1988, respectively. The Company is solely owned by Robert Eric Dortch. It manufactures lighting fixtures for various hotel chains and builders. Its customers include Marriott Hotels, Wynn Hotels, Benjamin West, Bertino, and Purchasing Management Companies.

Legal Questionnaire. Staff reviewed the Borrower’s and the User’s responses to the questions contained in the Legal Status portion of the Application. They did not disclose any information that raises questions concerning the financial viability or legal integrity of the Company.

Prior Actions and Financings. None.

PROJECT INFORMATION:

The Company needs a larger warehouse so that it can expand its manufacturing operations and distribute its products more efficiently. Tax-exempt bond proceeds will be used to expand the Company’s warehouse at its City of Commerce location. The expansion consists of an additional 10,000 square feet of ground-up warehouse space with three loading docks and a new parking lot with 70 additional car-stalls. Bond proceeds also will be used for the acquisition and installation of new equipment, including automated packing robotics and various types of metal fabrication machines.

Tax-exempt bond proceeds will be allocated to the various project components as follows:

Acquisition of Land\$320,436
Site Preparation.....\$39,400

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Fees/Charges related to Sale.....	\$32,200
Construction/Expansion of Existing Buildings.....	\$714,990
Interest during Construction From 7/6/08 to 4/6/09	\$29,620
Interest Income during Construction from 8/01/08 to 4/6/09	<\$5,630>
Utilities Connection	\$8,905
Legal, Permits, etc.....	\$4,990
Engineering/Architecture	\$15,000
Acquisition of New Equipment	\$146,699
Installation of New Equipment	\$1,690
Bond Issuance Expenses	\$26,700
Total:	<u>\$1,335,000</u>

In addition to the tax-exempt bond proceeds, the Borrower will use the taxable bond proceeds of \$1,565,000 and a portion of its own funds to cover Project costs which cannot be financed with the tax-exempt bond proceeds, such as costs of issuance in excess of 2% of the par value of the bonds, the acquisition and installation of used equipment, and the refinancing existing debt on the property. The taxable bond amount may increase to cover these types of costs.

Anticipated Timeline. The Company expects to begin construction of the warehouse expansion and the parking lot on July 7, 2008, and it expects the construction will be completed in March or April 2009. The Company will acquire and install new equipment beginning in mid-August 2008, and it expects the process to be completed by mid-September 2008.

Status Of Permit/Other Required Approvals:

- On April 29, 2008, the Executive Director of the I-Bank executed a reimbursement certificate to induce the Project in an amount not to exceed \$1,335,000 in tax-exempt bonds. The I-Bank will hear a request for approval of a Final Resolution covering both the tax-exempt and taxable bonds at its July 29, 2008 meeting. The taxable bond amount may increase, and any such increase will be reflected in the Final Resolution.
- The I-Bank held a TEFRA hearing for the Project on May 23, 2008.
- The City of Commerce provided a letter stating that the Project site is appropriately permitted and zoned for current uses. The Issuer states that no additional discretionary permits are required for the Project.

STATUTORY CRITERIA: 1) Public Benefits, 2) Relocation and 3) Bond Issue Qualification. Staff has awarded points based on its evaluation of the Project under CDLAC guidelines. Not all statutory criteria are part of the CDLAC point scheme.

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- 1) **PUBLIC BENEFITS:** Staff awarded a total of 58 verifiable points to the Project as detailed below:

Community Economic Need (15 points):

Unemployment Rate of the Project Area (5 points): The unemployment rate of the county sub-area in which the Project is located is 9.3%, which is 172% of the statewide rate of 5.4%.

Poverty Rate of Project Area (5 points): The poverty rate for this Project area is 18.2%, which is 171.7% of the statewide rate of 10.6%.

Special Designation Area (0 points): The Project area is not located in a designated State Enterprise Zone.

Median Family Income (5 points): The Project is located in the City of Commerce, census tract 5323.03, where the average median family income is \$36,615. Given that the median family income for the State of California is \$53,025, the median family income for the Project area is 69.1% of the statewide average.

Employment Benefits (Job Creation = 25 points) The Company currently employs 129 direct, full-time workers. The Company anticipates creating 43 additional jobs within two years of the Project's completion, which translates into a ratio of one job for every \$31,046 in bond proceeds.

Welfare-to-Work Plan (0 points): No information was provided indicating the Company's participation in a Welfare-to-Work program.

Health Care Benefits (3 points): The Company provided documentation that it contributes to the medical insurance for 85 of its 129 employees. The contribution translates into an average of \$231 per month toward the health care benefits for each employee. The uncovered employees have opted out of the Company's health benefits plan for personal reasons.

Average Hourly Wage (5 points): The Company's average hourly wage is for jobs created is \$20.40, while the Metropolitan Statistical Area (MSA) for the City of Los Angeles/Long Beach has an average manufacturing wage of \$14.89. Therefore, the Company's average hourly wage is 137% of the average manufacturing wage for the nearby Los Angeles area.

Land Use/Energy Efficiency/Public Transit Corridor (5 points):

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Land Use (0 points): This Project does not involve the reuse of vacant land or abandoned buildings.

Energy Efficiency (0 points): The Borrower did not provide information regarding the Project's energy efficiency.

Public Transit Corridor (5 points): The Company provided verification that the Project site is located with a public transit corridor. A City of Commerce Municipal bus stop is .2 of a mile from the Project site.

Leveraging (5 points): The total Project cost is \$2,900,000. The Company will borrow \$1,335,000 in the form of tax-exempt IDB financing. The remaining Project costs will be covered by a companion taxable IDB (\$1,565,000).

- 2) **RELOCATION OF COMPANY OPERATIONS (No point evaluation required):**
The Company will remain at its current location in the City of Commerce.
- 3) **QUALIFICATION OF BOND ISSUANCE (No point evaluation required):** Based on the proposed financial structure and the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds that will be issued in connection with the Project: (a) will be adequately secured; (b) will be fair, just, and equitable to a purchaser of the bonds; and (c) will not work a fraud upon the bond purchaser. Final determination of qualification of the bonds will be subject to review of final bond documents prior to the issuance of bonds.

FINANCING DETAILS:

The tax-exempt IDBs will be sold in a public offering. The bonds will be variable rate and repayable over a 25-year period, and they will be secured by an irrevocable Letter of Credit issued by Comerica Bank.

CIDFAC FEES:

In accordance with CIDFAC regulations², the Borrower has paid CIDFAC an application fee of \$1,250.

FINANCING TEAM:

Issuer: I-Bank
Bond Counsel: Kutak Rock LLP
Underwriter: Comerica Securities
Financial Advisor: Access to Capital LLC
Credit Enhancement Provider: Comerica Bank

RECOMMENDATION:

² California Code of Regulations Title 10, Chapter 8, Article 3, §6070

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Agenda Item – 5.A.1.

Staff recommends approval of Allocation Resolution No. 08-0011A transferring from the State's 2008 allocation for qualified tax-exempt private activity IDBs an amount equal to \$1,335,000 to the Issuer for the I Works US, Inc. Project.

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**THE CALIFORNIA INDUSTRIAL DEVELOPMENT
FINANCING ADVISORY COMMISSION
RESOLUTION NO. 08-0011A
RESOLUTION TRANSFERRING A PORTION OF THE 2008 STATE CEILING
FOR QUALIFIED PRIVATE ACTIVITY BONDS FOR A
SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT**

WHEREAS, the California Debt Limit Allocation Committee (“CDLAC”) awarded allocation to the California Industrial Development Financing Advisory Commission (the “Commission”) for the purpose of awarding a portion of the allocation to local and State issuers; and

WHEREAS, the Commission has the authority to transfer a portion of its allocation to local and State issuers; and

WHEREAS, the Commission has received an application (“Application”) from the California Infrastructure and Economic Development Bank (“Applicant”) requesting a transfer to the Applicant of a portion of the 2008 State Ceiling on Qualified Private Activity Bonds (the “State Ceiling”) under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations (“Bonds”) for a project as specifically described in Exhibit A (“Project”) (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Procedures of CDLAC Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds (“CDLAC’s Procedures”)); and

WHEREAS, the Project Sponsor (as defined in Exhibit A) has represented certain facts and information concerning the Project in the Application, which the Applicant has confirmed; and

WHEREAS, in evaluating the Project and potential allocation of a portion of the State Ceiling to the Applicant for the benefit of the Project, the Commission has relied upon the

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written facts and information provided in the Application and otherwise by the Project Sponsor and the Applicant; and

WHEREAS, it is appropriate for the Commission to make a transfer of a portion of the State Ceiling (“Allocation”) in order to benefit the Project described in the Application.

NOW, THEREFORE, the California Industrial Development Financing Advisory Commission resolves as follows:

Section 1. There will be a transfer to the Applicant an amount of the State Ceiling equal to \$1,335,000. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated as though fully set forth herein (this resolution, together with Exhibit A, hereinafter referred to as the “Resolution”).

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds, and the Project Sponsor, the Applicant and their respective successors and assigns will be bound by such terms and conditions.

Section 3. Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Commission’s Procedures, such modification shall require reconsideration by the Commission before the Allocation may be used for the Project. Once the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Commission through an action for specific performance or any other available remedy, provided however, that the Commission agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of the Bondholders. The Commission may, as circumstances warrant, consent to changes in the terms and conditions set forth in this Resolution in the event the Commission is advised of changes in the Project.

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Section 4. Prior to the issuance of the Bonds, any material changes in the structure of the credit enhancement not previously approved by the Commission shall require approval of the Commission Chair or the Executive Director.

Section 5. The Applicant is not authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State other than this Commission.

Section 6. The potential Allocation transferred herein shall automatically revert to this Commission unless the Applicant has issued Bonds for the Project by the close of business within 90 days of the award of Allocation. In the case of extreme hardship, the Executive Director may extend this date by up to five (5) business days.

Section 7. Within twenty-four (24) hours of using the Allocation to issue the Bonds, the Applicant shall notify the Commission's staff and CDLAC's staff in writing (which may be by electronic or facsimile communication) that the Allocation has been used. Each notification to the Commission and to CDLAC shall identify the Applicant, the project or program, the date the Allocation was used, and the amount of the Allocation used.

Section 8. Within fifteen (15) calendar days of the issuance of the Bonds, the Applicant or its counsel shall formally transmit to CDLAC information regarding the issuance of the Bonds by submitting, in a form prescribed by and made available by CDLAC a completed Report of Action Taken.

Section 9. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Commission. If at any time prior to the expiration date set forth in Section 6 of this Resolution the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date,

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the Applicant shall take prompt action by resolution of its governing board or by action of its authorized officer to return such unused Allocation to the Commission.

Section 10. The staff of the Commission is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain, for the term of the Bonds, a copy of this Resolution in the Applicant's official records. The Commission staff is further directed to retain a copy of this Resolution in the files of the Commission (or any successor thereto) for the same period of time.

Section 11. In consideration of the potential Allocation to be transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Commission through an action for specific performance or any other available remedy, provided however, that the Commission expressly agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of the Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Commission is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 12. The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution when reasonably requested by the Commission.

Section 13. This Resolution shall take effect upon its adoption.

Attachment B

EXHIBIT A

**RESOLUTION NO: 08-0011A
(A SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT)**

1. Applicant: California Infrastructure and Economic Development Bank
2. Application No.: 08-0011
3. Project Sponsor: The South Malt Avenue Corporation and/or affiliates
4. Project User: I Works US, Inc. and/or affiliates
5. Project Name: I Works US, Inc. Project
6. Address: 2501 South Malt Avenue
Location: Commerce, CA 90040
County: Los Angeles County
7. Amount of Allocation: \$1,335,000

The Project Sponsor has represented that it reasonably expects the User will use its best efforts to achieve within two years of the completion of the Project the creation of 43 additional, direct full-time jobs.